

Message Text

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61/53

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 PA-02

PRS-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 USIA-15

XMB-04 OPIC-06 LAB-04 SIL-01 /110 W

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R 131557Z FEB 76 CORRECTED COPY FOR MCN ONLY

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 7867

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

UNCLAS SECTION 01 OF 02 PARIS 04533

PASS TREASURY, FEDERAL RESERVE, COMMERCE

E. O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: PARIS PRESS REACTION TO EXCHANGE DEVELOPMENTS

1. THE FOLLOWING EXCERPTS SUMMARIZE PARIS PRESS REACTION TO EXCHANGE MARKET DEVELOPMENTS RELATED TO RAMBOUILLET AND JAMAICA. IN GENERAL, RECENT DEVELOPMENTS ARE TREATED AS A TEST FOR BOTH THE SPIRIT OF RAMBOUILLET AND THE JAMAICA MONETARY AGREEMENT.

2. FRANCE SOIR - FEBRUARY 13, 1976 (APPEARS 2/12 EVENING)

...STILL THE MONETARY AUTHORITIES OF THE WHOLE WORLD EMPLOY ALL THE MEANS AT THEIR DISPOSAL IN ACCORDANCE WITH THE AGREEMENT OF RAMBOUILLET AND THE DECISIONS TAKEN AT BASEL LAST MONDAY BY THE GOVERNORS OF THE
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CENTRAL BANKS. THE CENTRAL BANKS INTERVENED ON THE

EXCHANGE MARKETS AFTER CLOSE CONSULTATIONS BETWEEN WASHINGTON, BONN AND PARIS. BUT DAY AFTER DAY PARIS HAS TO BUY MORE AND MORE FRENCH FRANCS; BONN MUST SELL MORE AND MORE DEUTSCHEMARKS; AND WASHINGTON, SOMETHING WHICH HAS NOT HAPPENED IN A LONG TIME, ALSO MUST PURCHASE ITS OWN DOLLARS. THE AMOUNTS REQUIRED TO BALANCE THE EXCHANGE MARKET ACCORDING TO EXPERTS REACH BILLIONS OF DOLLARS. ...

3. LE MONDE - FEBRUARY 11, 1976 (APPEARS ON
2/10 EVENING)

TITLE ON FIRST PAGE - "MONETARY SPECULATION PUTS
TO A TEST THE AGREEMENT OF
RAMBOUILLET"

...THE PRESENT MONETARY CRISIS IS BY FAR NOT OF THE MAGNITUDE OF THOSE CRISES WITNESSED TWO OR THREE YEARS AGO. CAPITAL MOVEMENTS ARE LESS IMPORTANT, BUT WHAT IS AT STAKE IS CONSIDERABLE. THE VERY FOUNDATIONS OF THE RAMBOUILLET AGREEMENT OF LAST NOVEMBER, CONFIRMED IN JAMAICA, ARE PUT IN QUESTION. THIS AGREEMENT STIPULATED IN NOT TOO PRECISE TERMS A CERTAIN STABILIZATION BETWEEN THE DOLLAR ON ONE HAND AND THE SNAKE CURRENCIES ON THE OTHER. WHAT WOULD BE THE MEANING IF THE SNAKE ITSELF WOULD NOW BE THE OBJECT OF INTERNAL CONVULSIONS?...

4. L'AUREORE - FEBRUARY 13, 1976
LEADING ARTICLE IN BOLD PRINT

...ALL THE EXCHANGE BROKERS ARE LISTENING WITH INTENT

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INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

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OF WHAT COULD FILTER OUT FROM THE GISCARD/SCHMIDT SUMMIT IN THE SOUTH OF FRANCE BECAUSE THE FEVER IN THE WESTERN EXCHANGE MARKETS IS NOT DECLINING. THE HIGHLY PROCLAIMED SOLIDARITY BETWEEN THE BANK OF FRANCE AND THE BUNDESBANK, THE ONE TRYING TO PREVENT THE FRANC FROM SLIDING AND THE OTHER TRYING TO BREAK THE "RUSH" ON THE MARK (THIS RUSH WHICH PUSHES THE MARK UPWARDS AND IS DISLIKED BY THE GERMAN EXPORTERS), THIS SOLIDARITY HAS ONE IMMEDIATE CONSEQUENCE: THE OUTLAY OF ENORMOUS AMOUNTS OF MONEY TO COUNTERACT THOSE TRANSACTIONS IN ONE SENSE OR THE OTHER WAS NOT SUFFICIENT SO FAR TO DISSUADE SPECULATION. AND ALSO NOT THE INTERVENTION, WHICH FINALLY OCCURRED, OF THE FEDERAL RESERVE BANK OF U.S. WITHIN, LET US SAY, MODERATE LIMITS. THE SPIRIT OF RAMBOUILLET DOESN'T BLOW LIKE A TEMPEST ON THE BANKS OF THE POTOMAC.

5. CORRESPONDENCE ECONOMIQUE, FEBRUARY 12

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...WESTERN CENTRAL BANKS HAVE INTERVENED YESTERDAY IN A CONCENTRATED MANNER AND IN LARGE AMOUNTS TO BRAKE SPECULATION ABOUT D-MARK REVALUATION AND THE DECLINE OF THE FRANC. THE RAMBOUILLET ACCORD HAS FUNCTIONED WELL SINCE THE CENTRAL BANK OF THE UNITED STATES HAS SOLD SOME MARKS, TUESDAY, IN ORDER TO RESIST THE RISE OF THE D-MARK AND THE CONSEQUENT DECLINE OF THE DOLLAR. ALL THE SAME, THIS INTERVENTION ESTIMATED AT DOLLARS TEN MILLION HAS NOT STOPPED THE FALL OF THE DOLLAR TO ITS LOWEST LEVEL SINCE LAST JULY... AN ACCORD BETWEEN THE BUNDESBANK AND THE BANK OF FRANCE SIGNED MONDAY AT BASEL...HAS LED TO BUNDESBANK INTERVENTION FOR THE FIRST TIME IN SELLING MARKS

AGAINST FRANCS...

RUSH

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